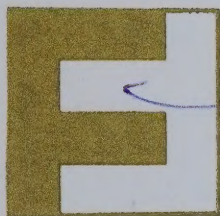


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Annual Report

For Year Ended *January 31, 1967*

A. J. FREIMAN LIMITED

OTTAWA, CANADA

Board of Directors

LAWRENCE FREIMAN
MRS. B. M. ALEXANDOR
MRS. B. LUXENBERG
G. E. BEAMENT, Q.C.
CHARLES GAVSIE, Q.C.
WARD C. PITFIELD
SYDNEY HERMANT
H. PERLMANN
W. G. SPALDING

Officers

LAWRENCE FREIMAN
President and Managing Director
H. PERLMANN
Vice-President, Merchandising
W. G. SPALDING
Vice-President, Administration
B. LUXENBERG, Q.C.
Secretary
B. M. ALEXANDOR, Q.C.
Treasurer
A. M. MACASKILL
Assistant Secretary

Bankers: CANADIAN IMPERIAL BANK OF COMMERCE

Auditors: PRICE WATERHOUSE & CO.

Transfer Agent and Registrar: THE ROYAL TRUST COMPANY

Stores

A. J. FREIMAN LIMITED

- Rideau Street
- Westgate Shopping Centre

FREIMART STORES LTD.

- Baseline Road and Woodroffe Ave.
- Blair Road and Queensway

Foreign Buying Offices

U.S.A.

11 West 42nd Street,
New York 36, N.Y.

ENGLAND

72 New Bond Street,
London, W 1

FRANCE

20 rue de la Paix
Paris 2

ITALY

10 Lungarno Acciaioli
Florence

TO THE SHAREHOLDERS OF
A. J. FREIMAN LIMITED:

I am pleased to present, on behalf of the Board of Directors, the annual accounts of the Company and its subsidiaries for the twelve months ending 31st January 1967.

Sales and profits continued to increase and both established new records in the year just ended.

I wish to remind the Shareholders that the Company changed its year-end for the fiscal year 1965 to January 31, 1966. As a result, the figures presented herein for the past twelve months are compared to the former year which included thirteen months.

Net profit from operations after taxes was \$586,936 as compared with net profit from operations of \$478,032 for the previous period. This \$108,904 improvement represents an increase of 22.8%.

Sales of \$24,428,950 represent an increase of 7.5% over sales of the comparable twelve months of the previous year.

Earnings for the fiscal year 1966 were 77¢ a share. This compares to 62¢ for the previous period.

Shareholders' equity has increased from \$6,113,435 at January 31, 1966 to \$6,547,371 at January 31, 1967. This represents an increase in book value per share from \$7.99 to \$8.56.

In view of the expansion of our Company and the development of the new St. Laurent Store, your management implemented recommendations of studies designed to develop a more efficient organizational structure generally, with greater depth at the executive level in particular.

The renovation of the Downtown Store continued during the year and a substantial amount of work was completed. The decor and appointments in these new developments are such that we trust that Freiman's Downtown Store, on completion, will be one in which the National Capital Area may well take pride.

Plans for St. Laurent are well advanced and it is anticipated that this great Shopping Centre will open in the Fall of 1967. Our Store at St. Laurent, which is sketched elsewhere in this report, is important to the Company in its productive capacity, and increased earnings potential. The Store is planned also to include the most significant functional and esthetic advances in contemporary retailing.

The Company's records in sales and earnings during 1966 reflect the acceptance accorded its merchandise by an ever-expanding number of customers. For this, the Company is most grateful and also for the important efforts made by its personnel at all levels of its operations, and the co-operation of its suppliers.

On behalf of the Board of Directors.

LAWRENCE FREIMAN
President

April 21, 1967.

A. J. FREIMAN LIMITED *and Subsidiary Companies*

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE TWELVE MONTHS ENDED JANUARY 31, 1967

(with comparable figures for the thirteen months ended January 31, 1966)

	Twelve months ended January 31, 1967	Thirteen months ended January 31, 1966
SALES	\$24,428,950	\$23,989,041
Cost of merchandise sold and all expenses, except the items shown below .	22,216,777	21,917,817
Directors' remuneration and salaries of officers who are also directors .	114,059	106,632
Provision for depreciation	375,799	379,701
Amortization of leasehold improvements	38,088	38,562
Amortization of alterations, improvements and development expenses .	114,954	116,452
Bond and debenture interest	220,900	256,311
Bank interest	143,437	176,534
	23,224,014	22,992,009
Profit before provision for income taxes	1,204,936	997,032
Provision for current income taxes	642,000	520,000
Provision for deferred income taxes (Note 3)	(24,000)	(1,000)
	618,000	519,000
Net profit from operations	\$ 586,936	\$ 478,032

A. J. FREIMAN LIMITED *and Subsidiary Companies*

**CONSOLIDATED STATEMENT OF EARNED SURPLUS
FOR THE TWELVE MONTHS ENDED JANUARY 31, 1967**

(with comparable figures for the thirteen months ended January 31, 1966)

	Twelve months ended January 31, 1967	Thirteen months ended January 31, 1966
	<hr/>	<hr/>
Balance, at beginning of period	\$ 5,637,735	\$ 5,033,105
Add:		
Net profit for the period	586,936	478,032
Gain on sale of Queensway property	—	279,598
	<hr/>	<hr/>
	6,224,671	5,790,735
Deduct:		
Dividends paid on Common Shares — Stock in Class A Shares	153,000	153,000
	<hr/>	<hr/>
Balance, end of period	\$ 6,071,671	\$ 5,637,735
	<hr/>	<hr/>

A. J. FREIMAN LIMITED *and Subsidiary Companies*

ASSETS

	January 31, 1967	January 31, 1966
CURRENT ASSETS:		
Cash	\$ 122,740	\$ 222,020
Accounts receivable, less allowance of \$235,000 for doubtful accounts (1966 — \$235,000)	5,049,973	4,934,735
Merchandise valued at the lower of approximate cost or market	2,754,835	3,047,977
Prepaid expenses	35,698	96,786
	<u>7,963,246</u>	<u>8,301,518</u>
OTHER ASSETS:		
Cash surrender value of Life Insurance Policies	182,244	169,437
Deferred alterations, improvements and development expenses, less amortization	326,782	279,179
Special refundable tax	30,273	—
Other investments, at cost	35,046	35,046
	<u>574,345</u>	<u>483,662</u>
FIXED ASSETS: (Note 1)		
Land	1,047,500	1,047,500
Buildings and equipment, less accumulated depreciation of \$4,089,010 (1966 — \$4,144,853)	3,459,744	3,186,511
Leasehold improvements, less amortization	1,079,641	1,082,085
	<u>5,586,885</u>	<u>5,316,096</u>
	<u>\$14,124,476</u>	<u>\$14,101,276</u>

Approved on behalf of the Board

CONSOLIDATED BALANCE SHEET — *January 31, 1967*

(with comparable balances at January 31, 1966)

LIABILITIES

	January 31, 1967	January 31, 1966
CURRENT LIABILITIES:		
Bank loan and overdraft	\$ 2,175,579	\$ 2,754,302
Accounts payable and accrued liabilities	740,362	919,672
Long term debt due within one year	241,500	153,000
Income taxes payable	657,664	131,367
	<u>3,815,105</u>	<u>3,958,341</u>
 LONG TERM DEBT (Note 2)	 3,452,000	 3,695,500
 DEFERRED INCOME TAXES (Note 3)	 310,000	 334,000
 CAPITAL STOCK AND SURPLUS:		
Preferred Stock (Note 4)		
Common Stock — No par value		
Authorized — 1,170,000 shares		
Issued — 765,000 shares	475,700	475,700
Earned surplus (including \$249,749 tax-paid undistributed income)	6,071,671	5,637,735
	<u>6,547,371</u>	<u>6,113,435</u>
	<u>\$14,124,476</u>	<u>\$14,101,276</u>

LAWRENCE FREIMAN, *Director*
V. G. SPALDING, *Director*

A. J. FREIMAN LIMITED *and Subsidiary Companies*

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JANUARY 31, 1967

1. Land, buildings and equipment may be summarized as follows:

Land, per 1928 appraisal	\$ 553,000
Subsequent additions, at cost	494,500
	<u>\$1,047,500</u>
Buildings and equipment, per 1928 appraisal	\$ 661,350
Subsequent net additions, at cost	6,887,404
	<u>\$7,548,754</u>

Land was appraised in 1965 at a value of \$1,983,000

2. Long Term Debt appearing in the balance sheet is as follows:

First Mortgage Bonds —

4¾ % sinking fund bonds, Series A, maturing May 1, 1975	\$1,012,500	
6 % sinking fund bonds, Series B, maturing June 15, 1979	583,000	\$1,595,500
6½ % Sinking Fund Debentures, Series A, maturing May 15, 1981		2,098,000
		<u>3,693,500</u>
Deduct: Payments due within one year included in current liabilities		241,500
		<u>\$3,452,000</u>

3. Depreciation and amortization recorded in the accounts exceeds maximum capital cost allowances claimable for income tax purposes. The resultant increase in current income taxes payable of \$24,000 has been deducted from Deferred Income Taxes which had been set up for this purpose in prior years.

4. Preferred Stock is as follows:

1% Non-cumulative Class A Preferred shares of \$1 each —

Authorized — (of which 650,250 shares were issued and redeemed prior to January 31, 1967, leaving a balance of 259,750 unissued at that date)

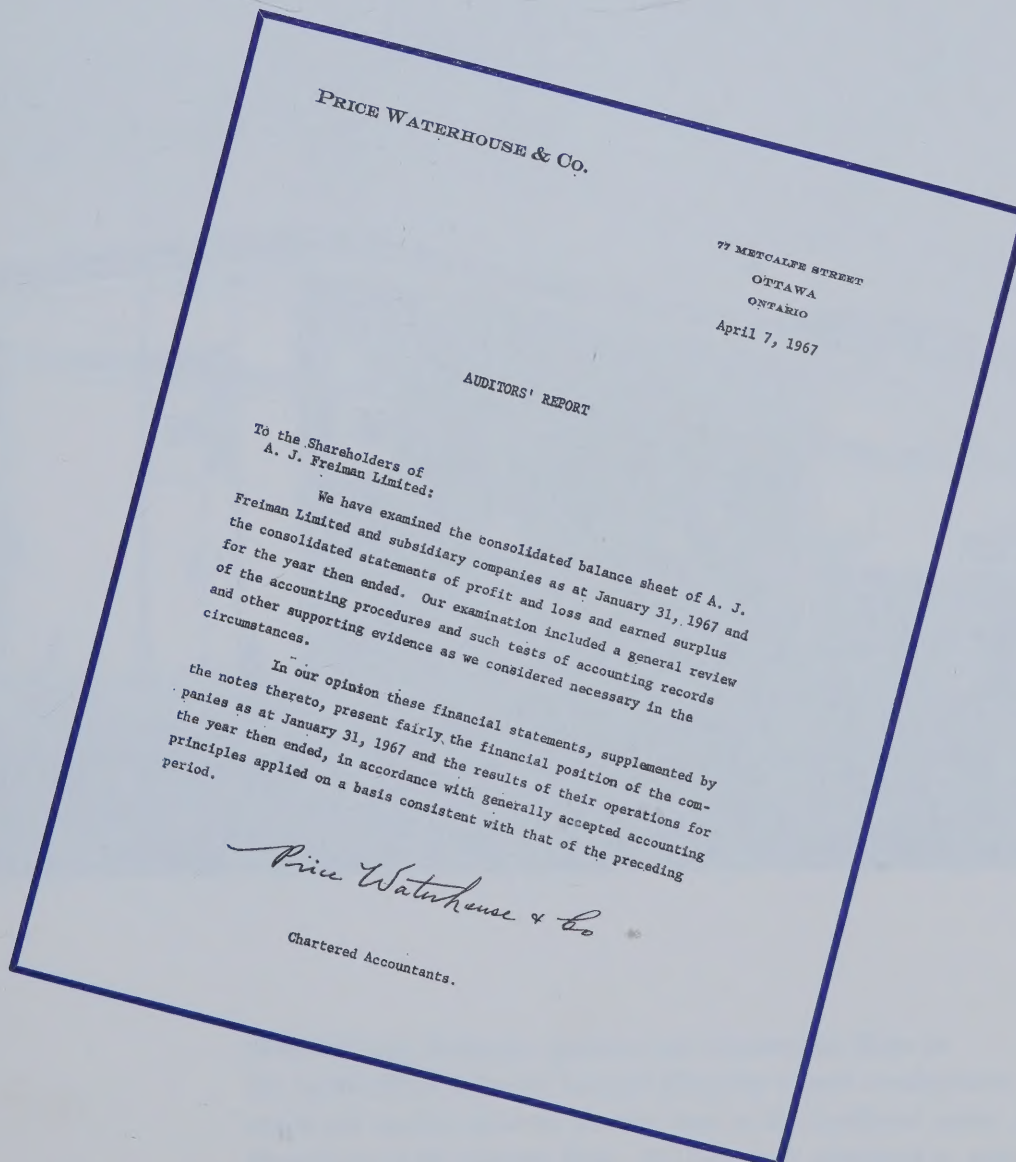
910,000 shares \$910,000

Issued —

Balance, January 31, 1966	—	—
Stock dividend during period	153,000 shares	\$153,000
Deduct: redeemed and cancelled	153,000 shares	153,000
Balance, January 31, 1967	<u>—</u>	<u>—</u>

5. Minimum annual rentals under long term leases extending from 1975 to 1984 amount to \$439,770.
6. A. J. Freiman Limited has agreed to lease space on a long term basis in a shopping centre being constructed. It is estimated that capital expenditures required to equip the leased premises will amount to approximately \$1,200,000. A. J. Freiman Limited is contingently liable under certain conditions to make loans to the company constructing the shopping centre to a maximum amount of \$50,000. In addition, A. J. Freiman Limited has agreed to give that company's bankers a guarantee and postponement of claim in a total amount of \$250,000.

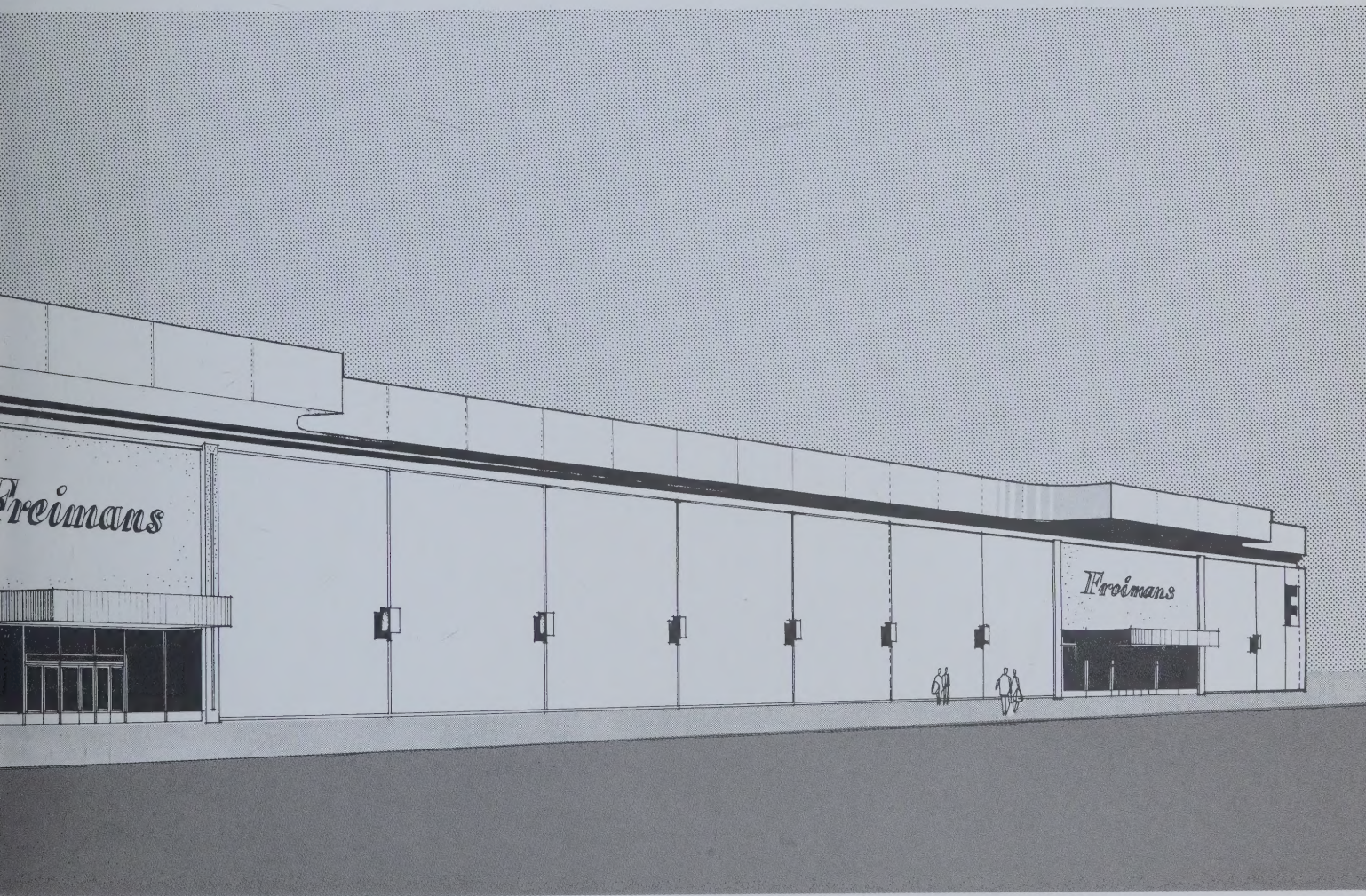
7. Trust Indentures, pursuant to which the bonds and debentures of the company have been issued, provide that the company will not declare or pay any dividends (other than stock dividends) on, or redeem, any common shares or shares issued as stock dividends unless immediately after such action,
- (a) the consolidated net current assets of the company and its subsidiaries exceed the lesser of \$2,000,000 or 50% of the aggregate principal funded obligations of the company and its subsidiaries, and
 - (b) the aggregate amount declared as dividends, distributed and/or paid on redemption, subsequent to January 1, 1961, in respect of common shares of stock issued as dividends is not greater than the consolidated net earnings of the company and its subsidiaries during the period commencing January 1, 1960.



Freimans — St. Laurent

OTTAWA





Sketched here, Freimans spacious new Department Store in the multi-million dollar St. Laurent Shopping Centre development, which will occupy about 45 acres of land on the northwest corner of the Queensway at St. Laurent Blvd. St. Laurent is scheduled to open Fall, 1967.

Freimans-St. Laurent is planned to include the most significant functional and esthetic advances in contemporary retailing.

